

Internal Revenue Service, Treasury

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- 48.6421-7 Records to be kept in substantiation of credits or payments.
- 48.6427-0 Off-highway business use.
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- 48.6427-4 Applicable laws.
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- 48.6427-9 Diesel fuel and kerosene; claims by registered ultimate vendors (farming and State use).
- 48.6427-10 Kerosene; claims by registered ultimate vendors (blocked pumps).
- 48.6427-11 Kerosene; claims by registered ultimate vendors (blending).
- 48.6715-1 Penalty for misuse of dyed fuel.

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Section 48.4052-1 also issued under 26 U.S.C. 4052(g).

Section 48.4064-1(b)(3) also issued under 26 U.S.C. 4064(b)(1)(C)(iii).

Section 48.4064-1(d)(3)(iii) also issued under 26 U.S.C. 4064(d)(1).

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Section 48.4081-7 also issued under 26 U.S.C. 4081(e).

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Section 48.6416(b)(2)-2(b) also issued under 26 U.S.C. 6416(b).

Section 48.6427-8 also issued under 26 U.S.C. 6427(m).

Section 48.6427-9 also issued under 26 U.S.C. 6427(m).

Section 48.6427-10 also issued under 26 U.S.C. 6427(m).

Section 48.6427-11 also issued under 26 U.S.C. 6427(m).

Subpart A—Introduction

§ 48.0-1 Introduction.

The regulations in this part 48 are designated “Manufacturers and Retailers Excise Tax Regulations.” The regulations relate to the excise taxes imposed by chapter 31 and 32 of the Internal Revenue Code. Chapter 31 (relating to retail taxes) imposes tax on certain luxury items, special fuels, fuel used in commercial transportation on inland waterways, and heavy trucks and trailers. Chapter 32 (relating to manufacturers taxes) imposes tax on gas guzzler automobiles, highway-type tires, taxable fuel, aviation fuel, coal, certain vaccines, and sporting goods. Although chapter 32 also imposes a tax on firearms, this tax is under the jurisdiction of the Bureau of Alcohol, Tobacco, and Firearms. See part 40 of this chapter for regulations relating to returns, payments, and deposits of taxes imposed by chapters 31 and 32 (other than the tax on firearms imposed by section 4181).

[T.D. 8442, 57 FR 48186, Oct. 22, 1992, as amended by T.D. 8659, 61 FR 10453, Mar. 14, 1996]

§ 48.0-2 General definitions and attachment of tax.

(a) *Meaning of terms.* As used in the regulations in this part, unless otherwise expressly indicated:

(1) The terms defined in the provisions of law contained in the regulations in this part shall have the meanings so assigned to them.

(2) [Reserved]

(3) The term *calendar quarter* means a period of 3 calendar months ending on March 31, June 30, September 30, or December 31.

(4)(i) The term *manufacturer* includes any person who produces a taxable article from scrap, salvage, or junk material, or from new or raw material, by processing, manipulating, or changing the form of an article or by combining or assembling two or more articles. The term also includes a “producer” and an “importer”. An “importer” of a

taxable article is any person who brings such an article into the United States from a source outside the United States, or who withdraws such an article from a customs bonded warehouse for sale or use in the United States. If the nominal importer of a taxable article is not its beneficial owner (for example, the nominal importer is a customs broker engaged by the beneficial owner), the beneficial owner is the "importer" of the article for purposes of chapter 32 and is liable for tax on his sale or use of the article in the United States. See section 4219 and the regulations thereunder for the circumstances under which sales by persons other than the manufacturer or importer are subject to the manufacturers excise tax.

(ii) Under certain circumstances, as where a person manufactures or produces a taxable article for another person who furnishes materials under an agreement whereby the person who furnished the materials retains title thereto and to the finished article, the person for whom the taxable article is manufactured or produced, and not the person who actually manufactures or produces it, will be considered the manufacturer.

(iii) A manufacturer who sells a taxable article in a knockdown condition is liable for the tax as a manufacturer. Whether the person who buys such component parts and assembles a taxable article from them will also be liable for tax as a further manufacturer of a taxable article will depend on the relative amount of labor, material, and overhead required to assemble the completed article and on whether the article is assembled for a business or personal use. See section 4218 and the regulations thereunder.

(5) The term *sale* means an agreement whereby the seller transfers the property (that is, the title or the substantial incidents of ownership) in goods to the buyer for a consideration called the price, which may consist of money, services, or other things.

(6) The term *taxable article* means any article taxable under section 4041 or Chapter 32, Subtitle D, of the Code.

(7) The term *vendor* includes a lessor except that, with respect to the manufacturers excise taxes, this rule applies

only where the lessor is also the manufacturer of the article.

(8) The term *purchaser* includes a lessee except that, with respect to the manufacturers excise taxes, this rule applies only where the lessor is also the manufacturer of the article.

(9) The term *exporter* means the person named as shipper or consignor in the export bill of lading.

(10) The term *exportation* means the severance of an article from the mass of things belonging within the United States with the intention of uniting it with the mass of things belonging within some foreign country or within a possession of the United States.

(11) The term *possession of the United States* includes Guam, the Midway Islands, Palmyra, the Panama Canal Zone, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, and Wake Island.

(b) *Attachment of tax.* (1) For purposes of this part, the manufacturers excise tax generally attaches when the title to the article sold passes from the manufacturer to a purchaser, and the retailers excise tax generally attaches when the title to the article sold passes from the retailer to a purchaser.

(2) When title passes is dependent upon the intention of the parties as gathered from the contract of sale and the attendant circumstances. In the absence of expressed intention, the legal rules of presumption followed in the jurisdiction where the sale is made govern in determining when title passes.

(3) In the case of a sale on credit, the tax attaches whether or not the purchase price is actually collected.

(4) Where a consignor (such as a manufacturer) consigns articles to a consignee (such as a dealer), retaining ownership in them until they are disposed of by the consignee, title does not pass, and the tax does not attach, until sale by the consignee. Where the relationship between a manufacturer and a dealer is that of principal and agent, title does not pass, and the tax does not attach, until sale by the dealer.

(5) In the case of a lease, an installment sale, a conditional sale, or a chattel mortgage arrangement or similar

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arrangement creating a security interest, a proportionate part of the tax attaches to each payment. See section 4217 and the regulations thereunder for a limitation on the amount of tax payable on lease payments.

(6) In the case of use by the manufacturer, the tax attaches at the time the use begins.

[T.D. 7536, 43 FR 13515, Mar. 31, 1978, as amended by T.D. 8879, 65 FR 17155, Mar. 31, 2000]

§ 48.0-3 Exemption certificates.

Several sections of the regulations in this part, relating to sales exempt from retailers or manufacturers excise tax, require the retailer or manufacturer (as the case may be) to obtain an exemption certificate from the purchaser to substantiate the exempt character of the sale. Many of these sections also contain specimen forms of acceptable exemption certificates. However, any form of exemption certificate will be acceptable if it includes all the information required to be contained in such a certificate by the pertinent sections of the regulations in this part. If it contains all the required information, a form of exemption certificate that is processed by data processing equipment is acceptable.

[T.D. 7536, 43 FR 13516, Mar. 31, 1978. Redesignated by T.D. 8043, 50 FR 32014, Aug. 8, 1985]

Subparts B-E [Reserved]

Subpart F—Special Fuels

SOURCE: T.D. 6505, 25 FR 11217, Nov. 26, 1960, unless otherwise noted.

§ 48.4041-0 Applicability of regulations relating to diesel fuel after December 31, 1993.

Sections 48.4041-3 through 48.4041-17 do not apply to sales or uses of diesel fuel after December 31, 1993. For rules relating to the diesel fuel tax imposed by section 4041 after that date, see § 48.4082-4.

[T.D. 8659, 61 FR 10453, Mar. 14, 1996]

§ 48.4041-3 Application of tax on sales of special motor fuel for use in motor vehicles and motorboats.

(a) *In general.* The tax imposed by paragraph (2)(A) of section 4041 (a), (or before April 1, 1983, paragraph (1) of section 4041 (b)), applies to the taxable sale of special motor fuel by any person to an owner, lessee, or other operator of a motor vehicle or motorboat, for use as a fuel in the motor vehicle or motorboat. The tax does not apply to special motor fuel sold for use on or after April 1, 1983, and before October 1, 1988, in an off-highway business use.

(b) *Liability for tax.* The tax on the taxable sale of special motor fuel is payable by the person who sells the special motor fuel to the owner, lessee, or other operator of a motor vehicle or motorboat.

(c) *Rate of tax—(1) In general.* Tax is imposed on the sale of special motor fuel at the rate applicable on the date on which the special motor fuel is sold. See § 48.4041-1(b)(2) for rates. The test of taxability at the rates specified in § 48.4041-1(b)(2) (i)(A) and (ii)(A) is whether the fuel is to be used in a motor vehicle or motorboat. For purposes of paragraphs (c) (2) and (3) of this section, the term “qualified business use” has the same meaning as that given to the term “off-highway business use” by section 6421(d)(2).

(2) *Special motor fuel sold for use as a fuel in a motor vehicle.* Tax at the rates specified in paragraphs (b)(2) (i)(A) and (ii)(A) of § 48.4041-1 applies in the case of the sale of special motor fuel for use as a fuel in a motor vehicle. Tax at the rates specified in that section applies regardless of whether the motor vehicle is a highway vehicle. However, a reduced rate of tax from that imposed by paragraphs (b)(2)(i)(A) of § 48.4041-1 is allowed by paragraph (b)(2)(i)(C) of § 48.4041-1 if special motor fuel is sold for use in a qualified business use. An exemption from the tax imposed by paragraph (b)(2)(ii)(A) of § 48.4041-1 is allowed by paragraph (b)(2)(ii)(C) of § 48.4041-1 if the special motor fuel is sold for use in an off-highway business use.

(3) *Special motor fuel sold for use as fuel in a motorboat.* Tax at the rates specified in paragraphs (b)(2)(i)(A) and (ii)(A) of § 48.4041-1 applies in the case